STATEMENT BY

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BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT OF THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

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MILITARY BASE REALIGNMENT: CONTRACTING OPPORTUNITIES FOR IMPACTED COMMUNITIES

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INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the implementation of the Army's 2005 Base Realignment and Closure (BRAC) program, and its impact on small businesses. My name is Tracey Pinson, and I am the Director of the Army Small Business Program Office. I report directly to the Secretary of the Army.

The Army has an aggressive, carefully synchronized BRAC implementation plan to meet the September 2011 deadline while supporting our national security priorities. To give you a sense of the magnitude of the Army 2005 BRAC program, the budget for the entire six-year implementation period is approximately $17.2 billion. Most of the budget – about two-thirds or $13 billion -- will be spent on military construction.

All BRAC activity takes place within the context of achieving the Army's goals of winning the Global War on Terrorism (GWOT), transforming from a Division-structured, forward-deployed force to one comprised of agile Brigade Combat Teams stationed on U. S. soil and growing the Army in a manner that facilitates maintenance of the Army's ability to win decisively anytime, anywhere. Collectively these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units.

Under BRAC, the Army will close 13 Active Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research

facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve Command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future.

In total, over 55,000 Soldiers and civilian employees will relocate as BRAC is implemented. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings.

Seventy-five percent of all required construction projects are planned for award by the end of fiscal year 2009 and 100 percent by the end of fiscal year 2010. This schedule and full funding of the President's Budget will enable the major movement of units and personnel in fiscal years 2010 and 2011 with expected completion by the mandated BRAC 2005 deadline.

Among the installations gaining significant new missions and jobs in BRAC 2005, is Fort Meade. The total BRAC MILCON budget for Fort Meade is $502M of which the Army has $61M.

Three Defense organizations will move to Fort Meade in mid-2011, the consolidated Defense Information Systems Agency, the consolidated Defense Media Activity, and the co-located Defense Adjudications activities. Sites have been selected, BRAC-related environmental impact assessments have been completed, and three new facilities are currently under design. Construction of the DISA

facility will begin in 4th quarter of this fiscal year, with the smaller Defense Media and Defense Adjudications buildings following in the second quarter of next fiscal year.

The Defense Media Activities project will bring together, under one roof, all of the media elements and their training schoolhouse, which support each service. The Adjudications project consolidates activities from across the nation into a single building. The Defense Information Systems project will co-locate nine activities currently scattered around the national capital region into a single campus near the center of the installation.

All of this is good news for small businesses, because Part 19 of the Federal Acquisition Regulations, and all of its companion regulations, are applicable to requirements projected to implement the BRAC program. Historically, the Army has led the Federal government in awards to small businesses. In FY 07, of the $93 billion in total awards made by the Army to US business firms, small businesses received 25% or $23 billion. The second back up chart sets forth the dollars that were spent in all the small business subcategories, such as small disadvantaged, women-owned, HUBZone, veteran and service disabled veteran-owned. We have also provided a break-out of the awards to Section 8(a) firms and charts illustrating the growth of the Army small business program. The remaining charts illustrate growth the Army has experienced in all small business programmatic areas.

As mentioned previously, there will be a tremendous amount of money spent on BRAC and BRAC-related projects. However, the process for allocating that money will not change. Some of our existing contracting offices have assumed the responsibility to award these projects. We are proud to say that the Army has a very

qualified and dedicated cadre of small business advisors at all of our contracting activities who work side by side with contracting officials to conduct market research for all requirements. Once this research has been done, each requirement will be reviewed for potential performance by the small business community. This includes potential set-asides for awards to small businesses, HUBZone companies or service disabled veterans. As well, analyses will be done for suitability for award under the 8(a) program. If for whatever reason the award is not suitable for performance by a small business as a prime contractor, substantive provisions will be put into the contract to maximize small business participation as subcontractors.

We are doing our very best to track awards to small businesses as a result of BRAC. I was very fortunate to visit Ft. Bliss several months ago and witnessed first hand the great work that the Corps of Engineers is doing there in support of BRAC. This expansion program is one of our largest BRAC projects. To date, the Corps have awarded over $200 million directly to small businesses. An additional $350 million has been awarded to small business subcontractors. Obtaining required performance bonds continues to plague the ability of small businesses to access construction projects as prime contractors. Many of our major projects such as barracks, headquarters buildings, company operational facilities, maintenance facilities, dining and storage facilities and hospitals are valued such that small businesses cannot bond these projects. Aggressive small business subcontracting goals are established under these circumstances. We are also restricted from using small business set aside procedures in the construction arena, as a result of the small business competitiveness demonstration program.

We anticipate that a significant amount of military construction funding will be spent during this fiscal year and fiscal years 2009 and 2010. The Corps of Engineers has put very good projections in place for the utilization of small businesses. For example the North Atlantic Division has projected that approximately 22% of their BRAC dollars will be spent with small business prime contractors. The Corps of Engineers goal for subcontracting with small business is 70%. We anticipate that the subcontracting opportunities under BRAC projects will enable the Corps of Engineers to meet this goal.

SUMMARY

In summary, the Army has a carefully coordinated and synchronized plan for implementing BRAC 2005 mandates while continuing to conduct critical missions in support of GWOT and homeland defense. We believe that the small business community has a critical role to play in this mission and we are committed to ensuring that the small business community has the maximum practicable opportunity to participate in BRAC projects as both prime and subcontractors. Thank you again for the opportunity to appear before you today and for your continued support for America's Army.

BACKUP

CALL TO DUTY: BOOTS ON THE GROUND
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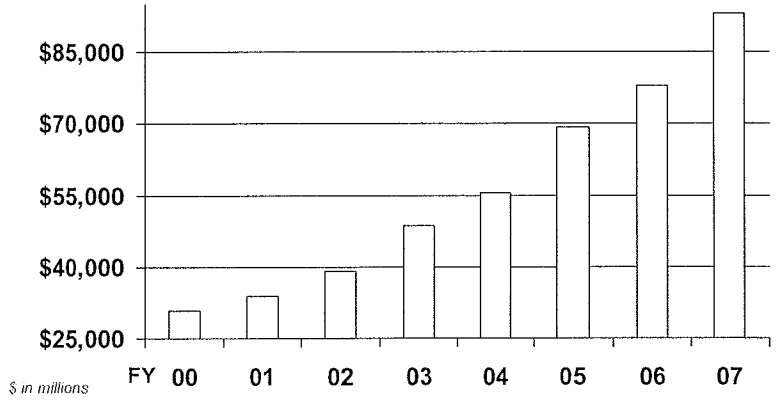
ARMY US BUSINESS PROGRAM HISTORY



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ARMY PRIME CONTRACT AWARDS – FY 07

	Total Dollars	Achieved	Army Target	Nat'l Goal
US Business	$93,054			
Small Business	$22,934	24.7%	25.0%	23.0%
Small Disadvantaged Business	$ 7,810	8.4%	8.0%	5.0%
8(a)	$ 4,526	4.9%		
Women-Owned SB	$ 3,202	3.4%	3.5%	5.0%
HUBZone SB	$ 3,399	3.7%	3.0%	3.0%
Veteran-Owned SB	$ 2,630	2.8%		
Service Disabled Veteran-Owned SB	$ 916	1.0%	0.8%	3.0%

Dollars shown in millions

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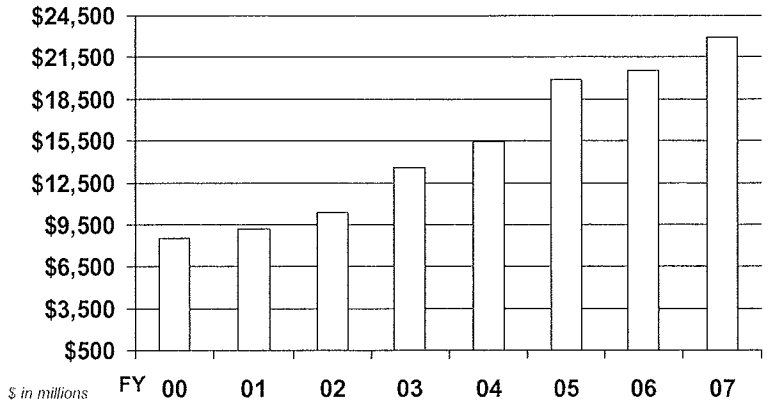
ARMY SMALL BUSINESS PROGRAM HISTORY



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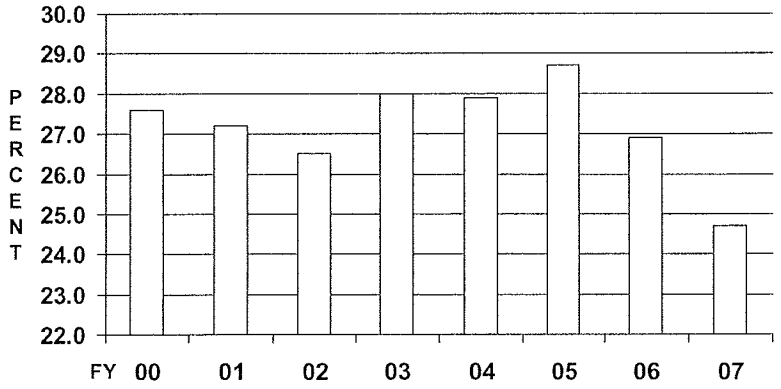

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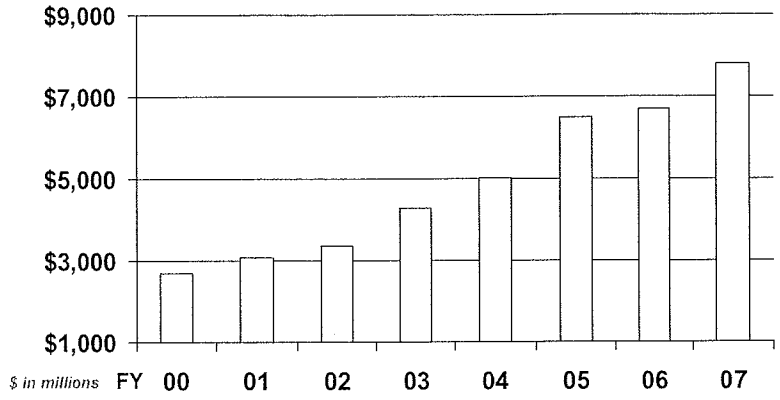
ARMY SMALL DISADVANTAGED BUSINESS PROGRAM HISTORY



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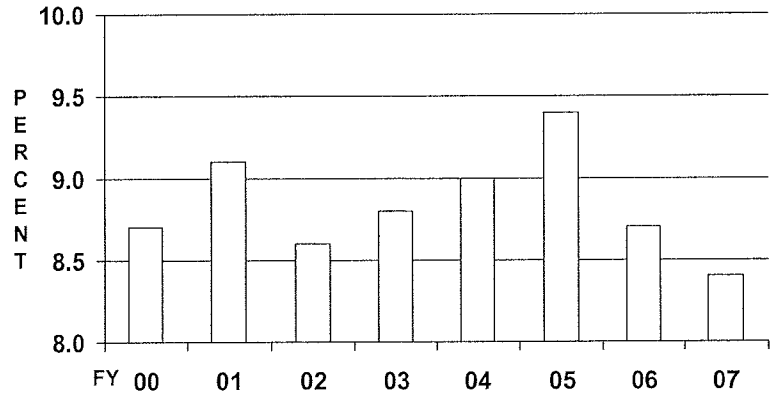

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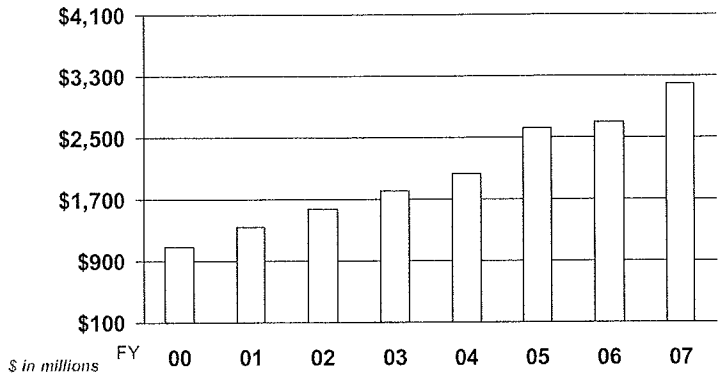
ARMY WOMAN-OWNED SMALL BUSINESS PROGRAM HISTORY



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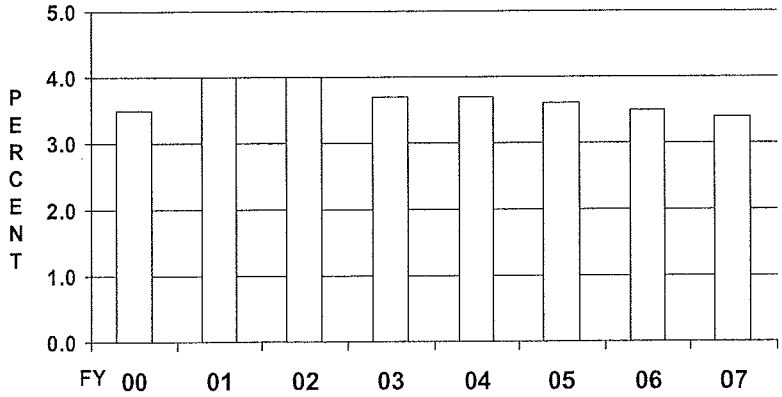

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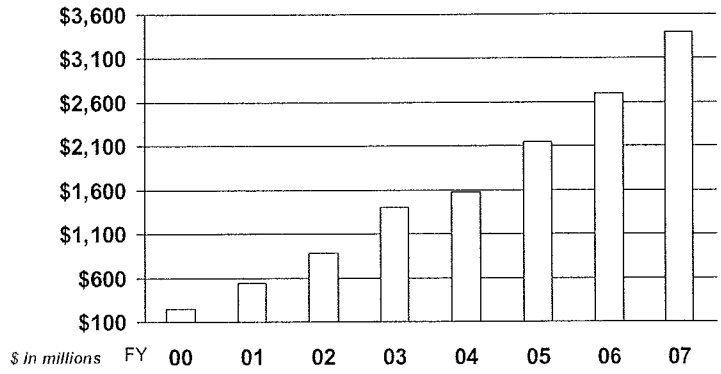
ARMY HUBZone PROGRAM HISTORY



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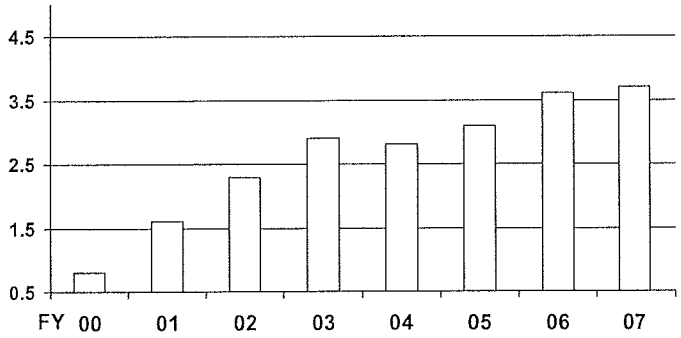

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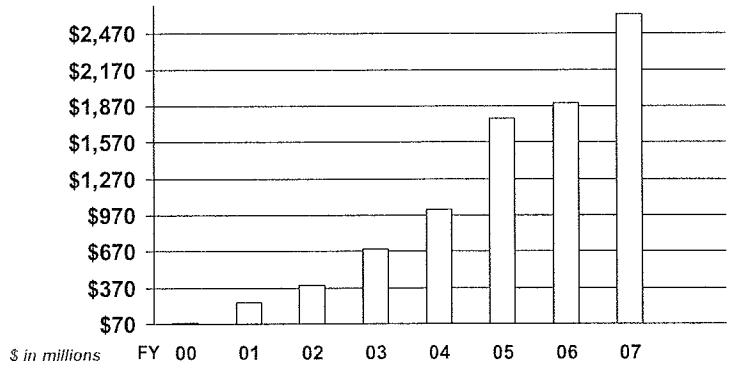
ARMY VOSB PROGRAM HISTORY



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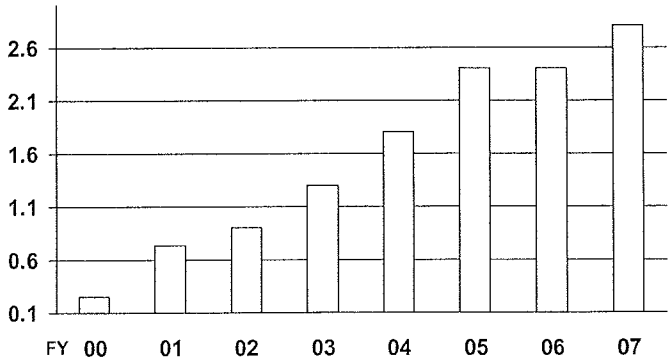

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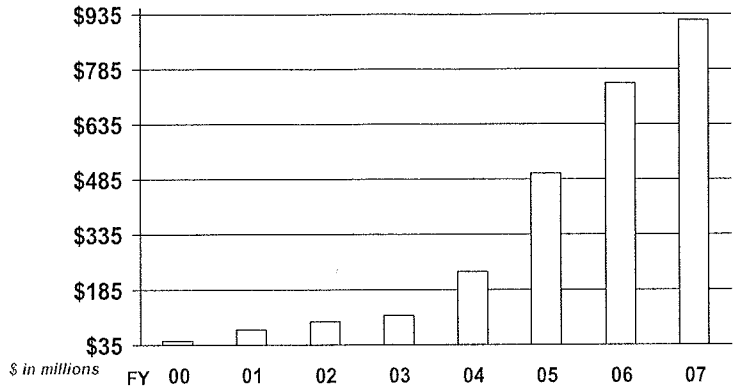
ARMY SDVOSB PROGRAM HISTORY



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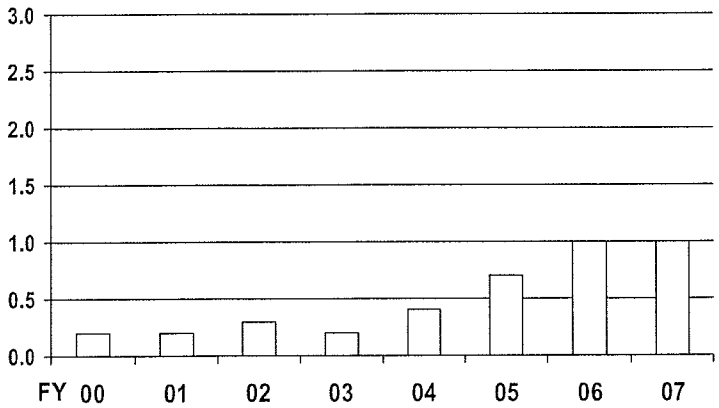
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